

# South Carolina Department of Health and Human Services

## Pharmacy Administration and Management Open Forum

May 3, 2013

# Agenda

- Welcome and Forum Logistics
- Introductions
- Director's Comments
- Overview of Pharmacy Program
- Stakeholder Input
- Closing Remarks

# Welcome and Forum Logistics

- Sign-In
- Comment / Recommendation Requests
- Comment Cards

# Introductions

- Michael Collisi - Co-Facilitator
- Michael Chowning – Co-Facilitator
- Valeria Williams – Program Director
- Kevin Rogers – Project Manager
- Tony Keck – Agency Director SCDHHS

# Director's Comments

# Past History of Pharmacy Program

- Prior to 2000 SCDHHS utilized a Fee for Service (FFS) payment model
- SCDHHS paid claims with limited edits
- Utilization management, quality improvement were not managed during this time



# Recent History of Pharmacy Program

- RFP for Pharmacy ASO was posted in 2000, three RFPs awarded since 2000
- Goal was to provide administrative simplification, cost-effective utilization management and to reduce fraud and abuse
- Contract was awarded to a single Pharmacy vendor with implementation completed in November 2000

# Recent History of Pharmacy Program

- Program enhancements over past ten years:
  - Prospective Drug Utilization Review
  - Utilization Management
  - MAC Program
  - Preferred Drug List (PDL)/Supplemental Rebate
  - Coordination of Benefits
  - Diabetic Supplies Management
  - Web based prior authorization (PA)
  - Pharmacy Lock-in Program
  - MCO Rebate Program



# Previous Program Model

- Member acquired prescription from the doctor
- Member presented prescription to the pharmacy to be filled
- Pharmacy billed Medicaid
- Medicaid generated Remittance Advice
- Provider enrolled with Medicaid
- Member enrolled with Medicaid

# Current Pharmacy Program

- Pharmacy Administrative Services Organization (ASO)
  - ✓ Provides Point of Sale claims editing and adjudication
  - ✓ Supports OBRA Rebate program for both FFS and MCO Claims
  - ✓ Provides support for the Retro Drug Utilization Review (DUR) program
- ASO transfers claims to Medicaid for payment processing
- Medicaid pays provider and generates Remittance Advice

# Compliance/ Oversight Activity

- Monthly Performance reporting
  - ✓ Prior Authorization Analysis
  - ✓ Call Center Statistics Analysis
  - ✓ DME Product Distribution
  - ✓ Drug Utilization Review (DUR) Activity

# Why Change Now?

- SC moving from a payer of claims to a purchaser of services with goal to:
  - ✓ Improve health outcomes
  - ✓ Improve beneficiary experience
  - ✓ Reduce per-capita costs

# Pharmacy Models

- Basic Pharmacy Models
  - Traditional Fee for Service (FFS)
  - Administrative Service Organization (ASO)
  - Managed Care Organizations (MCO)
  - Hybrid Models (combination of above)

# Pharmacy Models

## — FFS

- Member needs prescription filled
- Pharmacy fills prescription
- Pharmacy adjudicates claim at POS
- Medicaid processes claims
- Medicaid pays pharmacy
- ❖ Pharmacy is enrolled with Medicaid
- ❖ Member enrolled with Medicaid



# Pharmacy Models

## —ASO

- Member needs prescription filled
- Pharmacy fills prescription
- Pharmacy processes claims via POS
- Medicaid contracts with ASO to process claims
- ASO pays pharmacy
- ❖ Medicaid pays ASO
- ❖ Pharmacy is enrolled with Medicaid or MCO
- ❖ Member enrolled with Medicaid

# Pharmacy Models

- MCO (HMO Model)

- Member needs prescription filled
  - ✓ Prescription is written by MCO network provider
- Network pharmacy fills prescription
- Network pharmacy bills MCO
- MCO adjudicates claims
- MCO pays pharmacy
  - ✓ Payment may be capitated or FFS

- ❖ Medicaid pays MCO PMPM
- ❖ Pharmacy is enrolled with MCO
- ❖ Member enrolled with MCO

# Pharmacy Models

## —Hybrid Models

- Used when a single model is insufficient to meet state specific needs
- Combination of FFS, ASO and MCO models
  - ✓ Typically a combination of FFS and ASO models

# Pharmacy Models

## — Hybrid Models

- Used when states transition from FFS to another model
- Used when states choose to retain responsibility for successful strategies but transfer management of other responsibilities to a contractor to improve quality
- Used when states choose to share risk
- ❖ Providers enrolled with Medicaid or MCO
- ❖ Members enrolled with Medicaid or MCO

# Models Used in Other States

- States are varied and no one solution works for all
- Best practices may include combinations of options or pieces of options (Hybrid)

# Models Used in Other States

—MCO models are configured in several ways

- MCO handles pharmacy benefit for members in the plan
- MCO members are managed out side of the plan in a FFS state managed program



# Models Used in Other States

## ➤ Fee for Service Model

- State contract with PBA for members not in a MCO plan model includes:
  - Call centers
  - Prior authorizations
  - Utilization review
  - Claims Processing
- State manages a FFS model that includes claims and pharmacy operations

# Stakeholder Input

- Design a Pharmacy program model that:
  - ✓ Improves health outcomes for members
  - ✓ Improves the beneficiaries experience
  - ✓ Reduces the per-capita cost of treatment
  - ✓ Reduces administrative overhead/hassles
- What is the best way to set up the Pharmacy program to meet this goal?

# Closing Remarks

Thank you for attending:  
SCDHHS values your input!